

EXHIBIT 1



WESTCHESTER SURPLUS LINES INSURANCE COMPANY
ATLANTA, GA

GENERAL CHANGE ENDORSEMENT

ace usa

POLICY NO. GLW-778197

NAMED INSURED AND MAILING ADDRESS

BLACKWATER LODGE & TRAINING CENTER,
INC.
550 PUDDIN RIDGE
MOYOCK NC 27958

AGENCY AND MAILING ADDRESS

74114

HEATH INSURANCE BROKERS, INC.
300 S WACKER DR, SUITE 900
CHICAGO IL 60606

POLICY PERIOD: From 01/23/2004 to 01/23/2005

AT 12:01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS SHOWN AB
EFFECTIVE 03-03-04 THIS POLICY IS AMENDED AS SHOWN

COMMERCIAL GENERAL LIABILITY

For an additional/return premium, the items below are changed as indicated:

ENDORSEMENT NO. 1

IT IS AGREED THE ADDITIONAL INSURED - LESSOR OF LEASED EQUIPMENT
ENDORSEMENT IS ADDED PER THE ATTACHED.

DATE: 04-06-04

BY:

Crawford Union Guppe

AUTHORIZED REPRESENTATIVE

J4-06-04

EX1 DJONE

Company's Copy 1750
Page 1 of 1

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED – LESSOR OF LEASED
EQUIPMENT**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name of Person or Organization:

A&E EQUIPMENT RENTAL
1130 SAND ISLAND PARKWAY ROAD
HONOLULU, HAWAII 96819

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability arising out of the maintenance, operation or use by you of equipment leased to you by such person(s) or organization(s), subject to the following additional exclusions:

This insurance does not apply:

1. To any "occurrence" which takes place after the equipment lease expires;
2. To "bodily injury" or "property damage" arising out of the sole negligence of the person or organization shown in the Schedule.



WESTCHESTER SURPLUS LINES INSURANCE COMPANY

ATLANTA, GA

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POLICY PERIOD: From 01/23/2004 to 01/23/2005
AT 12:01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS SHOWN AB
EFFECTIVE 01-23-04 THIS POLICY IS AMENDED AS SHOWN

COMMERCIAL GENERAL LIABILITY

For an additional/return premium, the items below are charged as indicated:

ENDORSEMENT NO. 2

IT IS AGREED THE PREMIUM IS PAYABLE SECTION IS ADDED AS FOLLOWS:

\$125,000 IN ADVANCE ADJUSTABLE AT A RATE OF \$2.14
PER \$1,000 GROSS RECEIPTS
ESTIMATED ANNUAL EXPOSURE \$58,405,000
ANNUAL MINIMUM PREMIUM \$125,000

\$ N/A

\$ N/A

\$125,000 TOTAL AMOUNT DUE

DATE: 04-13-04

BY:

Crawford Vinson Gippe
AUTHORIZED REPRESENTATIVE

14-13-04

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POLICY PERIOD: From 01/23/2004 to 01/23/2005

AT 12:01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS SHOWN AB
EFFECTIVE 05-18-04 THIS POLICY IS AMENDED AS SHOWN

COMMERCIAL GENERAL LIABILITY

For an additional/return premium, the items below are changed as indicated:

ENDORSEMENT NO. 3

IT IS AGREED THAT THE ADDITIONAL INSURED- DESIGNATED PERSON OR
ORGANIZATION FORM NUMBER CG2026 11 85 IS ADDED PER ATTACHED.

FORMS AND ENDORSEMENTS

APPLYING TO COMMERCIAL GENERAL LIABILITY COVERAGE PART AND MADE PART OF THIS POLICY AT TIME OF ISSUE:
CG2026 (11-85)

DATE: 06-22-04

BY:

Crawford Vinson Trigg

AUTHORIZED REPRESENTATIVE

06-22-04

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WESTCHESTER SURPLUS LINES INSURANCE COMPANY
ATLANTA, GA

FORMS SCHEDULE

POLICY NO. GLW-778197

NAMED INSURED AND MAILING ADDRESS

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HEATH INSURANCE BROKERS, INC.
300 S WACKER DR, SUITE 900
CHICAGO IL 60606

POLICY PERIOD: From 01/23/2004 to 01/23/2005

AT 12:01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS SHOWN AB

ENDORSEMENT DATE: 05/18/2004

COMMERCIAL GENERAL LIABILITY

CG2026 (11-85) ADDTL INSURED-DESIGNATED PERSON OR ORGANIZATION

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – DESIGNATED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

SCHEDULE

Name of Person or Organization:

CITY OF VIRGINIA BEACH, VA DEPARTMENT OF CONVENTION & VISITOR DEVELOPMENT CONVENTION FACILITIES DIVISION; ON TARGET CHALLENGE INC.; SWAT WORLD CHAMPIONSHIP, LLC
(for 5/18/04 to 5/22/04).

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the Schedule as an insured but only with respect to liability arising out of your operations or premises owned by or rented to you.



WESTCHESTER SURPLUS LINES INSURANCE COMPANY
ATLANTA, GA

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GENERAL CHANGE ENDORSEMENT

POLICY NO. GLW-778197-0/004

ACCOUNT NUMBER:

NAMED INSURED AND MAILING ADDRESS

AGENCY AND MAILING ADDRESS

74114

BLACKWATER LODGE & TRAINING CENTER,
INC.
550 PUDDIN RIDGE
MOYOCK NC 27958

HEATH INSURANCE BROKERS, INC.
300 S WACKER DR, SUITE 900
CHICAGO IL 60606

POLICY PERIOD: From 01/23/2004 to 01/23/2005

AT 12:01AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE
EFFECTIVE 09-07-04 THIS POLICY IS AMENDED AS SHOWN

COMMON POLICY PACKAGE

For an additional/return premium, the items below are changed as indicated:

THIS ENDORSEMENT IS EFFECTIVE FROM 09/07/2004 TO 01/23/2005

COMMERCIAL GENERAL LIABILITY

For an additional/return premium, the items below are changed as indicated:

ENDORSEMENT NO. 4

IT IS AGREED THAT RAVEN DEVELOPMENT IS ADDED AS A NAMED INSURED PER
THE ATTACHED.

DATE: 09-16-04

BY:

Crawford Vincent, Jr.

AUTHORIZED REPRESENTATIVE

09-16-04

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WESTCHESTER SURPLUS LINES INSURANCE COMPANY
ATLANTA, GA

EXTENDED NAMED INSURED

POLICY NO: GLW-778197-0/004

ACCOUNT NUMBER:

NAMED INSURED AND MAILING ADDRESS

AGENCY AND MAILING ADDRESS

74114

BLACKWATER LODGE & TRAINING CENTER,
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550 PUDDIN RIDGE
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HEATH INSURANCE BROKERS, INC.
300 S WACKER DR, SUITE 900
CHICAGO IL 60606

POLICY PERIOD: From 01/23/2004 to 01/23/2005

AT 12:01AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE

ENDORSEMENT DATE: 09/07/2004

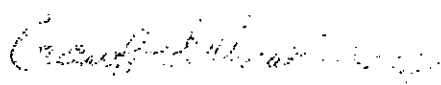
BLACKWATER LODGE & TRAINING SYSTEMS, INC.
BLACKWATER TARGET SYSTEMS LLC
BLACKWATER SECURITY CONSULTANTS LLC
E & J HOLDINGS LLC
RAVEN DEVELOPMENT

09-16-04

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SIGNATURE OF AUTHORIZED REPRESENTATIVE



ace usa

WESTCHESTER SURPLUS LINES INSURANCE COMPANY

ATLANTA, GA

GENERAL CHANGE ENDORSEMENT

POLICY NO. GLW-778197

NAMED INSURED AND MAILING ADDRESS

AGENCY AND MAILING ADDRESS

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POLICY PERIOD: From 01/23/2004 to 01/23/2005

AT 12:01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS SHOWN AB

EFFECTIVE 09-07-04 THIS POLICY IS AMENDED AS SHOWN

COMMERCIAL GENERAL LIABILITY

For an additional/return premium, the items below are changed as indicated:

ENDORSEMENT NO.5

IT IS AGREED THAT THE ENGINEERS, ARCHITECTS, OR SURVEYOR PROFESSIONAL
LIABILITY, FORM CG2243 07 98 IS ADDED PER THE ATTACHED.

FORMS AND ENDORSEMENTS

APPLYING TO COMMERCIAL GENERAL LIABILITY COVERAGE PART AND MADE PART OF THIS POLICY AT TIME OF ISSUE:
CG2243 (07-98)

DATE: 09-16-04

BY:

Crawford Vinson Tripp

AUTHORIZED REPRESENTATIVE

09-16-04

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WESTCHESTER SURPLUS LINES INSURANCE COMPANY
ATLANTA, GA

FORMS SCHEDULE

POLICY NO. GLW-778197

NAMED INSURED AND MAILING ADDRESS

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CHICAGO IL 60606

POLICY PERIOD: From 01/23/2004 to 01/23/2005

AT 12:01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS SHOWN AB

ENDORSEMENT DATE: 09/07/2004

COMMERCIAL GENERAL LIABILITY

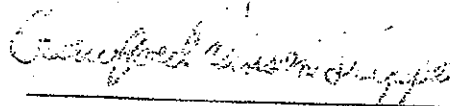
CG2243 (07-98) EXCLUSION - ENGINEERS, ARCHITECTS OR SURVEYORS PRO

09-16-04

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Page 1 of 1


SIGNATURE OF AUTHORIZED REPRESENTATIVE

COMMERCIAL GENERAL LIABILITY
CG 22 43 07 98

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION – ENGINEERS, ARCHITECTS OR
SURVEYORS PROFESSIONAL LIABILITY**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability and Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of or failure to render any professional services by you or any engineer, architect or surveyor who is either employed by you or performing work on your behalf in such capacity.

Professional services include:

1. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; and
2. Supervisory, inspection, architectural or engineering activities.



WESTCHESTER SURPLUS LINES INSURANCE COMPANY

ATLANTA, GA

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POLICY NO. GLW-778197

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POLICY PERIOD: From 01/23/2004 to 01/23/2005

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EFFECTIVE 09-07-04 THIS POLICY IS AMENDED AS SHOWN

COMMERCIAL GENERAL LIABILITY

For an additional/return premium, the items below are changed as indicated:

ENDORSEMENT NO.6

IT IS AGREED THAT THE DESIGNATED WORK, FORM CG2134 01 87 IS ADDED
PER THE ATTACHED.

FORMS AND ENDORSEMENTS

APPLYING TO COMMERCIAL GENERAL LIABILITY COVERAGE PART AND MADE PART OF THIS POLICY AT TIME OF ISSUE:
CG2134 (01-87)

DATE: 09-16-04

BY:

Crawford Vinson Tripp

AUTHORIZED REPRESENTATIVE

09-16-04

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WESTCHESTER SURPLUS LINES INSURANCE COMPANY
ATLANTA, GA

FORMS SCHEDULE

POLICY NO. GLW-778197

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POLICY PERIOD: From 01/23/2004 to 01/23/2005

AT 12:01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS SHOWN AB

ENDORSEMENT DATE: 09/07/2004

COMMERCIAL GENERAL LIABILITY

CG2134 (01-87) EXCLUSION - DESIGNATED WORK

Crawford Vinson Tripp

SIGNATURE OF AUTHORIZED REPRESENTATIVE

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – DESIGNATED WORK

This endorsement modifies insurance provided under the following:

SCHEDULE

Description of your work:

Construction of any Single Family Dwelling, Townhouse, Condominium, or Multi-track Housing Development

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

This insurance does not apply to "bodily injury" or "property damage" included in the "products-completed operations hazard" and arising out of "your work" shown in the Schedule.



WESTCHESTER SURPLUS LINES INSURANCE COMPANY

ATLANTA, GA

GENERAL CHANGE ENDORSEMENT

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POLICY NO. GLW-778197

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POLICY PERIOD: From 01/23/2004 to 01/23/2005

AT 12:01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS SHOWN AB
EFFECTIVE 09-07-04 THIS POLICY IS AMENDED AS SHOWN

COMMERCIAL GENERAL LIABILITY

For an additional/return premium, the items below are changed as indicated:

ENDORSEMENT NO. 7

IT IS AGREED THAT THE DESIGNATED OPERATION COVERED BY A CONSOLIDATED
(WRAP-UP) INSURANCE PROGRAM, FORM NUMBER CG2154 01 96 IS ADDED PER
THE ATTACHED.

FORMS AND ENDORSEMENTS

APPLYING TO COMMERCIAL GENERAL LIABILITY COVERAGE PART AND MADE PART OF THIS POLICY AT TIME OF ISSUE:
CG2154 (01-96)

DATE: 09-16-04

BY:

Granford Vinson Tripp
AUTHORIZED REPRESENTATIVE

09-16-04

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WESTCHESTER SURPLUS LINES INSURANCE COMPANY
ATLANTA, GA

FORMS SCHEDULE

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AT 12:01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS SHOWN AB

ENDORSEMENT DATE: 09/07/2004

COMMERCIAL GENERAL LIABILITY

CG2154 (01-96) EXCLUSION-DESIGNATED OPERATIONS COVERED BY A

09-16-04

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Page 1 of 1

Crawford Vinson Tripp

SIGNATURE OF AUTHORIZED REPRESENTATIVE

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY
CG 21 54 01 96

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION – DESIGNATED OPERATIONS COVERED BY
A CONSOLIDATED (WRAP-UP) INSURANCE PROGRAM**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Description and Location of Operation(s):

Any prior or ongoing operation(s) where you participated in a consolidated (wrap-up) insurance program

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

The following exclusion is added to paragraph 2., Exclusions of COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY (Section I – Coverages):

This insurance does not apply to "bodily injury" or "property damage" arising out of either your ongoing operations or operations included within the "products-completed operations hazard" at the location described in the Schedule of this endorsement, as a consolidated (wrap-up) insurance program has been provided by the prime contractor/project manager or owner of the construction project in which you are involved.

This exclusion applies whether or not the consolidated (wrap-up) insurance program:

- (1) Provides coverage identical to that provided by this Coverage Part;
- (2) Has limits adequate to cover all claims; or
- (3) Remains in effect.



WESTCHESTER SURPLUS LINES INSURANCE COMPANY
ATLANTA, GA

GENERAL CHANGE ENDORSEMENT

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POLICY NO. GLW-778197

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EFFECTIVE 09-07-04 THIS POLICY IS AMENDED AS SHOWN

COMMERCIAL GENERAL LIABILITY

For an additional/return premium, the items below are changed as indicated:

ENDORSEMENT NO.8

IT IS AGREED THAT THE SILICA,DUST AND PARTICULAR MATTER EXCLUSION,
FORM NUMBER LD15270 01 04 IS ADDED PER THE ATTACHED.

FORMS AND ENDORSEMENTS

APPLYING TO COMMERCIAL GENERAL LIABILITY COVERAGE PART AND MADE PART OF THIS POLICY AT TIME OF ISSUE:
LD-15270 01 04

DATE: 09-16-04

BY:

Granford Vison Tripp

AUTHORIZED REPRESENTATIVE

J9-16-04

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Page 1 of 1

WESTCHESTER SURPLUS LINES INSURANCE COMPANY

ATLANTA, GA

FORMS SCHEDULE

POLICY NO. GLW-778197

NAMED INSURED AND MAILING ADDRESS

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300 S WACKER DR, SUITE 900
CHICAGO IL 60606

POLICY PERIOD: From 01/23/2004 to 01/23/2005

AT 12:01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS SHOWN AB

ENDORSEMENT DATE: 09/07/2004

COMMERCIAL GENERAL LIABILITY

LD-15270 01 04 SILICA, DUST & PARTICULATE MATTER EXCLUSION

09-16-04

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Page 1 of 1

Crawford Wilson Tripp

SIGNATURE OF AUTHORIZED REPRESENTATIVE

SILICA, DUST AND PARTICULATE MATTER EXCLUSION

Named Insured			Endorsement Number
Policy Symbol	Policy Number	Policy Period	Effective Date of Endorsement
Issued By (Name of Insurance Company)			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

This insurance does not apply to any injury, damage, expense, cost, loss, liability or legal obligation arising out of, resulting from, or in any way related to, in whole or in part, the respiration, inspiration, inhalation or breathing in of dust or particulate matter. Dust or particulate matter may include, but is not limited to: dust, particulate matter, inspirable dust, respirable dust, smoke, mist, dirt, fibers, grit, soot, salt, acids, bases, metals, aerosols, crystals, minerals, sand, silicates, or silica.

The addition of this endorsement does not imply that other policy provisions, including but not limited to any pollution exclusion or asbestos exclusion, do not also exclude coverage for dust or particulate matter related injury, damage, expense, cost, loss, liability, or legal obligation.

Authorized Representative

01/28/04 13:39 FAX

HEATH INSURANCE

006

Heath Insurance Brokers

...engineering insurance solutions...

**REVISED
BINDER
#2476105**

NEW ☒

RENEWAL

PREMIUM \$125,000

NAMED INSURED:

Blackwater Lodge & Training Center, Inc.
Blackwater Security Consultants, LLC
Blackwater Target Systems, LLC
E&J Holdings, LLC
550 Puddin Ridge
Moyock, NC 27958

POLICY TERM:

1/23/04 - 05

CARRIER:

Westchester Surplus Lines Insurance Company (Non-Admitted)

POLICY NUMBER:

GLW 778197

COVERAGE:

Commercial General Liability (Occurrence - CG 00 01 10/01)

LIMITS OF LIABILITY:

\$1,000,000	Each Occurrence
\$2,000,000	General Aggregate
\$2,000,000	Products Aggregate
\$1,000,000	Personal & Advertising Injury
\$ 50,000	Fire Legal Liability
\$ 5,000	Medical Payments

DEDUCTIBLE:

\$50,000 Per Occurrence

PREMIUM:

\$125,000 M&D Annual, plus Applicable Surplus Lines Taxes & Fee's*
Rate: \$2.14 per \$1,000 Gross Receipts estimated @ \$58,405,000
25% Minimum Earned Premium applies at inception.
\$5,000 TRIA Surcharge, included in the above premium.

TERMS & CONDITIONS:

Exclusions:

- ❖ Asbestos
- ❖ Discrimination
- ❖ Employment-Related Practices
- ❖ Nuclear Energy Liability
- ❖ Lead
- ❖ Fungi or Bacteria
- ❖ Total Pollution
- ❖ Limited Exclusion of Certified Acts of Terrorism
- ❖ Punitive Damage Related to a Certified Act of Terrorism
- ❖ Known Injury or Damage
- ❖ Designated Professional Services (any training instruction or consulting services pertaining to firearms, security or driving)

01/28/04 13:39 FAX

HEATH INSURANCE

4007

Heath Insurance Brokers

...engineering insurance solutions...

❖ Law Enforcement Activities

Endorsements:

- Amendment – Aggregate Limits of Insurance (Per Location)
- Common Policy Conditions
- Signature Endorsement
- Deductible Liability Insurance
- Service of Suit

Subject to:

1. An Audited Financial Statement approved by ACE and showing a full accounting of receipts from Blackwater Security Consulting, LLC.
2. Evidence of Professional Liability coverage place elsewhere – including Dec. Pages due immediately.
3. Six years of currently valued hard-copy loss information showing no incurred losses due immediately.
4. A favorable loss control survey within 45 days of binding.
5. Any applicable taxes or surcharges are in addition to the above quoted figure.
6. Premium is due within 10 days of policy inception.
7. Authority is granted to the Producer to issue unmodified ACORD Certificates of Insurance. You may include on the certificate an accurate representation of the coverage form and endorsements applicable to this policy at the time the certificate is issued. Any modification to the ACORD certificate or the issuance of a non-ACORD certificate of insurance must be submitted to the Insurance company for approval. Certificates of Insurance may only be issued as a matter of information. They do not amend, extend or alter coverage under this policy. The insurance company does not recognize Certificates of Insurance as endorsement or policy change requests. You must submit a separate written request if any endorsement or policy change (including the addition of additional insured coverage or other coverage) is needed.

* It is hereby clearly understood and agreed that HEATH INSURANCE BROKERS will handle the Surplus Lines filing on your behalf.

Bound by:

Devin B. Baker

, January 27, 2004

Please read this Quotation carefully as terms quoted may not be consistent with the application. Insurance when effected shall be subject to all terms & conditions of policy(ies) which will be issued, and in the event of any inconsistency herewith, the terms & provisions of such policy(ies) shall prevail. Agent acknowledges that Heath may place coverage with an insurance market that requires Heath to guarantee payment of premiums. In the event that Heath places coverage with such an insurance market, Agent hereby guarantees payment to premium to Heath.

HEATH INSURANCE BROKERS 300 South Wacker Drive, Suite 900, Chicago, Illinois 60606 (312) 986-0404 (312) 986-0491
blackwateracegjan04.doc

01/28/04 13:38 FAX

HEATH INSURANCE

002

Heath Insurance Brokers

...engineering insurance solutions...

BINDER**#2483105****NEW** ☒**RENEWAL****PREMIUM \$145,000**

NAMED INSURED: Blackwater Lodge & Training Center, Inc.
 550 Puddin Ridge
 Moyock, NC 27958

POLICY TERM: 1/27/04 - 1/23/05

CARRIER: Liberty Insurance Underwriters (Admitted)

POLICY NUMBER: LQ1-B71-200233-014

COVERAGE: Umbrella Liability - Occurrence

LIMITS OF LIABILITY: \$15,000,000 Each Occurrence and in the Aggregate where applicable Excess of the Scheduled Underlying and/or SIR.

IR: \$10,000

PREMIUM: \$145,000 M&D Annual (excluding Terrorism)
 25% Minimum Earned Premium applies at inception

TERMS & CONDITIONS: Per Policy Form 1001 Umb. (Ed. 04/00) and the following additional endorsements:

Exclusions:

- Aircraft & Watercraft Liability (in form)
- War / Terrorism
- CCC (Real/ Personal)
- Mold
- Asbestos (in form)
- Lead
- Professional Liability
- Total Pollution (in form)
- Nuclear Energy (in form)
- EPLI (in form)
- ERISA (in form)
- UM/UIM (in form)
- Intellectual Property
- Cross Suits
- Aircraft & Grounding Products
- Silicosis
- Occupational Disease

Follow Form:

- Employer's Liability

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HEATH INSURANCE

0003

Heath Insurance Brokers

...engineering insurance solutions...

Attachments:

- State Amendatory (If Applicable)
- Unimpaired Aggregate
- Defense Outside Limits

Subject to:

1. Receipt of currently valued carrier loss runs for GL and Auto.
2. All Underlying Carriers must meet our Underwriting Guidelines (A VII or better)
3. Complete Copy (Including all forms & endorsements) of the Underlying Policies, due within 90 days of policy inception.
4. NOTE: This quote is subject to verification of the underlying terms and conditions of any losses excess of \$50,000.
5. Premium is due within 20 days of policy inception.
6. Completed Schedule A form due within 10 days of policy inception.
7. Authority is granted to the Producer to issue unmodified ACORD Certificates of Insurance. You may include on the certificate an accurate representation of the coverage form and endorsements applicable to this policy at the time the certificate is issued. Any modification to the ACORD certificate or the issuance of a non-ACORD certificate of insurance must be submitted to the insurance company for approval. Certificates of insurance may only be issued as a matter of information. They do not amend, extend or alter coverage under this policy. The insurance company does not recognize Certificates of Insurance as endorsement or policy change requests. You must submit a separate written request if any endorsement or policy change (including the addition of additional insured coverage or other coverage) is needed.

SCHEDULE OF UNDERLYING: General Liability:

Carrier: Westchester Surplus Lines Ins. Co.
 Policy #: GLW 778 197
 Limits: \$1,000,000 Each Occurrence
 \$2,000,000 General Aggregate – per location / per job
 \$2,000,000 Products Completed Ops. Aggregate
 Deductible: \$50,000
 Term: 1/23/04 - 05

Auto Liability:

Carrier: Travelers
 Limits: \$1,000,000 CSL

Employers Liability

Carrier: Granite State
 Limits: \$500,000/\$500,000/\$500,000

Bound by:



January 28, 2004

Please read this Quotation carefully as terms quoted may not be consistent with the application. Insurance when effected shall be subject to all terms & conditions of policy(ies) which will be issued, and in the event of any inconsistency herewith, the terms & provisions of such policy(ies) shall prevail. Agent acknowledges that Heath may place coverage with an insurance market that requires Heath to guarantee payment of premiums. In the event that Heath places coverage with such an insurance market, Agent hereby guarantees payment to premium to Heath.

HEATH INSURANCE BROKERS 300 South Wacker Drive, Suite 900, Chicago, Illinois 60606 (312) 986-0404 (312) 986-0491
 blackwaterlibertyjan04.doc

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HEATH INSURANCE

005

SCHEDULE A

SCHEDULE OF UNDERLYING INSURANCE**BLACKWATER LODGE & TRAINING CENTER, INC.**
#LQ1-B71-200233-014

<u>COVERAGE</u>	<u>INSURER</u> <u>POLICY PERIOD</u> <u>POLICY NUMBER</u>	<u>APPLICABLE LIMITS</u>
-----------------	--	--------------------------

BUSINESS AUTO LIABILITY PREMIUM: \$		Combined Single Limit \$
--	--	--------------------------

COMM'L GENERAL LIABILITY PREMIUM: \$125,000	Westchester Surplus Lines Ins. Co. 1/23/04 - 05 #GLW 778 197	Each Occurrence \$ 1,000,000 General Aggregate (other than Products/ Completed Operations) \$ 2,000,000 Products/Completed Ops. Aggregate \$ 2,000,000 Personal & Advertising Injury \$ 1,000,000
--	---	--

- (X) GENERAL AGGREGATE APPLIES PER LOCATION
 () GENERAL AGGREGATE APPLIES PER PROJECT

(COVERAGE B) EMPLOYER'S LIABILITY		Each Accident \$ Policy Limit (Disease) \$ Each Employee (Disease) \$
--------------------------------------	--	---

NOTE: PLEASE SUBMIT COMPANIES' NAME AS NOTED IN YOUR BEST'S INSURANCE REPORTS.

blackwater.doc



WESTCHESTER SURPLUS LINES INSURANCE COMPANY

 ATLANTA, GA
 COMMON POLICY DECLARATIONS
 DECLARATIONS

ace usa

POLICY NO. GLW-778197-0/000

ACCOUNT NUMBER:

NAMED INSURED AND MAILING ADDRESS

AGENCY AND MAILING ADDRESS

74114

 BLACKWATER LODGE & TRAINING CENTER,
 INC.
 550 PUDDIN RIDGE
 MOYOCK NC 27958

 HEATH INSURANCE BROKERS, INC.
 300 S WACKER DR, SUITE 900
 CHICAGO IL 60606

POLICY PERIOD: From 01/23/2004 to 01/23/2005

AT 12:01AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE

THE NAMED INSURED IS : CORPORATION

BUSINESS DESC :

 IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF
 THIS POLICY, WE AGREE WITH YOU TO PROVIDE INSURANCE AS STATED IN THIS
 POLICY.

 THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A
 PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

	PREMIUM
COMMERCIAL PROPERTY	NOT COVERED
COMMERCIAL GENERAL LIABILITY	125,000
COMMERCIAL CRIME	NOT COVERED
COMMERCIAL INLAND MARINE	NOT COVERED

ESTIMATED TOTAL PREMIUM

\$125,000

THE POLICY WRITING NONREFUNDABLE MINIMUM PREMIUM IS NONE

PREMIUM SHOWN IS PAYABLE: \$125,000 AT INCEPTION; 1ST ANNIVERSARY; 2ND ANNIVERSARY

FORMS AND ENDORSEMENTS APPLICABLE TO ALL COVERAGE PARTS

110017 (11-98)

 THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS,
 COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

DATE: 03-18-04

BY:

AUTHORIZED REPRESENTATIVE

03-18-04

EK1 ABUTL

 Extra 1750
 Page 1 of 3

 Please attach the following to the policy:
 1. Certificate of Insurance
 2. Declaration
 3. Endorsements
 4. Policy



ace usa

WESTCHESTER SURPLUS LINES INSURANCE COMPANY
 ATLANTA, GA
 COMMERCIAL GENERAL LIABILITY
 DECLARATIONS

POLICY NO. GLW-778197

NAMED INSURED AND MAILING ADDRESS

BLACKWATER LODGE & TRAINING CENTER,
 INC.
 550 PUDDIN RIDGE
 MOYOCK NC 27958

AGENCY AND MAILING ADDRESS

74114

HEATH INSURANCE BROKERS, INC.
 300 S WACKER DR, SUITE 900
 CHICAGO IL 60606

POLICY PERIOD: From 01/23/2004 to 01/23/2005
 AT 12:01AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE

LIMITS OF INSURANCE

GENERAL AGGREGATE	\$	2,000,000	
PRODUCTS-COMPLETED OPERATIONS AGGREGATE	\$	2,000,000	
PERSONAL INJURY & ADVERTISING INJURY	\$	1,000,000	
EACH OCCURRENCE	\$	1,000,000	
DAMAGE TO PREMISES RENTED TO YOU	\$	50,000	ANY ONE PREMISES
MEDICAL EXPENSE	\$	5,000	ANY ONE PERSON

BODILY INJURY AND PROPERTY

DAMAGE COMBINED DEDUCTIBLE: See Manuscript Forms

LOCATION OF ALL PREMISES YOU OWN, RENT OR OCCUPY:

LOC # 1: ALL LOCATIONS

LOC CLASSIFICATION

	CODE	PREMIUM BASIS	PMS RATE	PPTS RATE
1 RIFLE OR PISTOL RANGES	47254	EACH	83	936.200
PRODUCTS-COMPLETED OPERATIONS ARE SUBJECT TO THE GENERAL AGGREGATE LIMIT				
1 SPORTING GOODS OR ATHLETIC EQUIPMENT STORES	18206	GROSS SALES	6,555,000	.613
1 AMMUNITION MFG.	51211	GROSS SALES	300,000	2.341
1 HOTELS AND MOTELS - WITHOUT POOLS OR BEACHES - LESS THAN FOUR	45192	GROSS SALES	7,000,000	2.670
STORIES				
PRODUCTS-COMPLETED OPERATIONS ARE SUBJECT TO THE GENERAL AGGREGATE LIMIT				
1 CLOTHING MFG.	51896	GROSS SALES	50,000	.080



WESTCHESTER SURPLUS LINES INSURANCE COMPANY

 ATLANTA, GA
 COMMERCIAL GENERAL LIABILITY
 DECLARATIONS

ace usa

POLICY NO. GLW-778197

NAMED INSURED AND MAILING ADDRESS

 BLACKWATER LODGE & TRAINING CENTER,
 INC.
 550 PUDDIN RIDGE
 MOYOCK NC 27958

AGENCY AND MAILING ADDRESS 74114

 HEATH INSURANCE BROKERS, INC.
 300 S WACKER DR, SUITE 900
 CHICAGO IL 60606

 POLICY PERIOD: From 01/23/2004 to 01/23/2005
 AT 12:01AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE

LOC CLASSIFICATION

CODE

PREMIUM BASIS

PMS PDTS
RATE RATE

1 CONSULTANTS

41677

PAYROLL

20,000,000

.477

INCL

PRODUCTS-COMPLETED OPERATIONS ARE SUBJECT TO THE GENERAL AGGREGATE LIMIT

MANUSCRIPT FORMS:

CG0300 (01-96) : DEDUCTIBLE LIABILITY INSURANCE

Coverage

Bodily Injury Liability and

Property Damage Liability Combined

Amount and Basis of Deductible

\$ 50,000 per OCCURRENCE

GENERAL LIABILITY PREMIUM \$125,000

FORMS AND ENDORSEMENTS

APPLYING TO COMMERCIAL GENERAL LIABILITY COVERAGE PART AND MADE PART OF THIS POLICY AT TIME OF ISSUE:

GLX0001 01-96	ULX0006 04-98	LD5523g(04-02)	CG0300 (01-96)	1L0021 (04-98)	CG2167 (04-02)
ULX0005 01-97	CG2504 (11-85)	CG2147 (07-98)	CG0057 (09-99)	CG2149 (09-99)	GLE0052 09-01
MANA0089	TRIA11	ALL-13845	ALL-14151	CG2116 (07-98)	CG2251 (07-98)
CG0001 (10-01)					

 THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS,
 COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

DATE: 03-18-04

BY:

AUTHORIZED REPRESENTATIVE

CPP 4506 1090

03-18-04 EK1

ABUTL

Extra

Page 3 of 3

SURPLUS LINES INFORMATION:

THE INSURANCE COMPANY WITH WHICH THIS COVERAGE HAS BEEN PLACED IS NOT LICENSED BY THE STATE OF NORTH CAROLINA AND IS NOT SUBJECT TO ITS SUPERVISION. IN THE EVENT OF THE INSOLVENCY OF THE INSURANCE COMPANY, LOSSES UNDER THIS POLICY WILL NOT BE PAID BY ANY STATE INSURANCE GUARANTY OR SOLVENCY FUND.

WESTCHESTER SURPLUS LINES INSURANCE COMPANY
ATLANTA, GA
COMMON POLICY DECLARATIONS
EXTENDED NAMED INSURED

POLICY NO. GLW-778197-0/000

ACCOUNT NUMBER:

NAMED INSURED AND MAILING ADDRESS

AGENCY AND MAILING ADDRESS

74114

BLACKWATER LODGE & TRAINING CENTER,
INC.
550 PUDDIN RIDGE
MOYOCK NC 27958

HEATH INSURANCE BROKERS, INC.
300 S WACKER DR, SUITE 900
CHICAGO IL 60606

POLICY PERIOD: From 01/23/2004 to 01/23/2005
AT 12:01AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE

BLACKWATER LODGE & TRAINING SYSTEMS, INC.
BLACKWATER TARGET SYSTEMS LLC
BLACKWATER SECURITY CONSULTANTS LLC
E & J HOLDINGS LLC

WESTCHESTER SURPLUS LINES INSURANCE COMPANY

ATLANTA, GA

FORMS SCHEDULE

POLICY NO. GLW-778197-0/000

ACCOUNT NUMBER:

NAMED INSURED AND MAILING ADDRESS

AGENCY AND MAILING ADDRESS

74114

BLACKWATER LODGE & TRAINING CENTER,
INC.
550 PUDDIN RIDGE
MOYOCK NC 27958

HEATH INSURANCE BROKERS, INC.
300 S WACKER DR, SUITE 900
CHICAGO IL 60606

POLICY PERIOD: From 01/23/2004 to 01/23/2005
AT 12:01AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE

COMMON POLICY PACKAGE

IL0017 (11-98) COMMON POLICY CONDITIONS

COMMERCIAL GENERAL LIABILITY

GLX0001 01-96	DISCRIMINATION EXCLUSION
ULX0006 04-98	ASBESTOS EXCLUSION (ALL STATES EXCEPT WA)
LD5S23g(04-02)	SIGNATURE PAGE (WESTCHESTER SURPLUS LINES)
CG0300 (01-96)	DEDUCTIBLE LIABILITY INSURANCE
IL0021 (04-98)	NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT
CG2167 (04-02)	FUNGI OR BACTERIA EXCLUSION
ULX0005 01-97	LEAD EXCLUSION
CG2504 (11-85)	AMEND-AGGREGATE LIMITS OF INSURANCE (PER LOCATION)
CG2147 (07-98)	EMPLOYMENT-RELATED PRACTICES EXCLUSION
CG0057 (09-99)	AMENDMENT OF INSURING AGREEMENT - KNOWN INJURY OR
CG2149 (09-99)	TOTAL POLLUTION EXCLUSION
GLE0052 09-01	MINIMUM EARNED PREMIUM PROVISION
MANA0089	SERVICE OF SUIT ENDORSEMENT
TRIAL1	POLICYHOLDER DISCLOSURE NOTICE-TERRORISM INS. CVG.
ALL-13845	LTD. EXCL. OF CERTIFIED ACTS OF TERRORISM
ALL-14151	EXCL. PUN. DMGS. RELATED TO CERT. ACT OF TERRORISM
CG2116 (07-98)	EXCLUSION - DESIGNATED PROFESSIONAL SERVICES
CG2251 (07-98)	EXCLUSION-LAW ENFORCEMENT ACTIVITIES
CG0001 (10-01)	COMMERCIAL GENERAL LIABILITY COVERAGE FORM

IL 00 17 11 98

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and

- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DISCRIMINATION EXCLUSION

This policy does not apply to any liability or damage caused by the acts or omissions of any insured or insured's employee or any person acting on behalf of the insured arising out of:

1. Discrimination of any kind; and
2. Any actual or alleged defamation, emotional distress, humiliation or harassment which arises out of discrimination of any kind.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ABSOLUTE ASBESTOS EXCLUSION

1. This policy does not apply to "bodily injury", "property damage", "personal injury", or "advertising injury" or any other liability or damage arising out of or involving asbestos, asbestos fibers, or any product containing asbestos or asbestos fibers.
2. Coverage for any fees, costs or expenses of any nature whatsoever in the investigation or defense of any claim or "suit" arising out of or involving asbestos, asbestos fibers or any product containing asbestos or asbestos fibers.